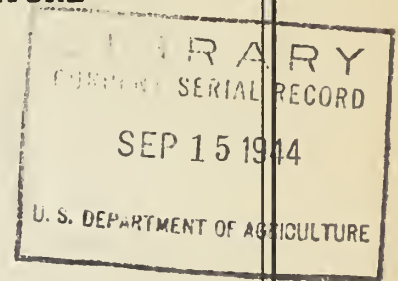


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FARM CREDIT ADMINISTRATION
UNITED STATES DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C.



**HANDBOOK ON
MAJOR REGIONAL FARM SUPPLY
PURCHASING COOPERATIVES
1942 AND 1943**

By
JOSEPH G. KNAPP

COOPERATIVE RESEARCH AND SERVICE DIVISION

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UNITED STATES DEPARTMENT OF AGRICULTURE
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The information in this publication has been assembled through the cooperation of the farmers' cooperative associations concerned. It is published as an aid to Government agencies that are interested in knowing what facilities various farmers' cooperatives have available so they can make greater use of these facilities in meeting wartime problems.

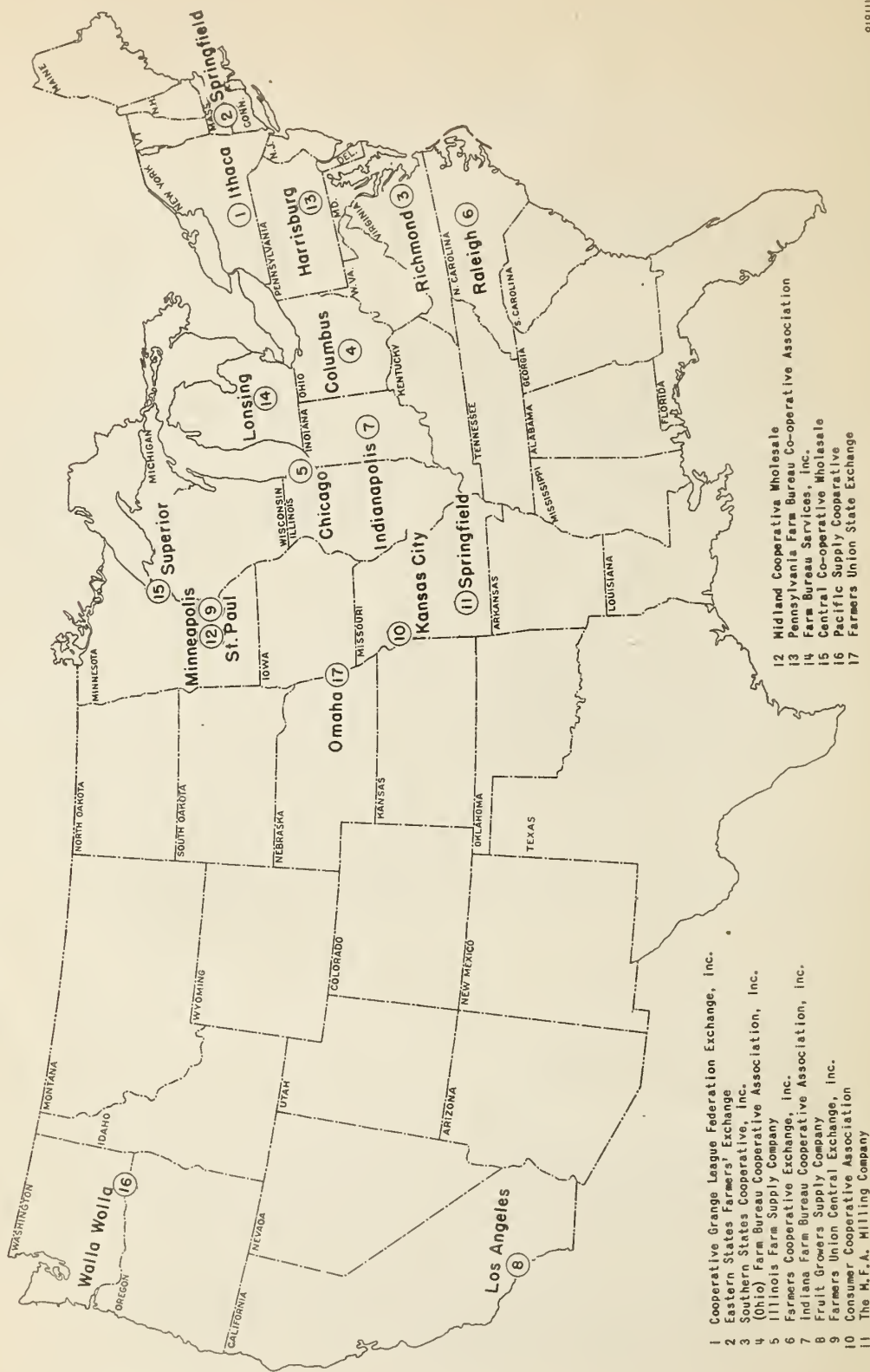
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LOCATION OF 17 MAJOR REGIONAL COOPERATIVE PURCHASING ASSOCIATIONS



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HANDBOOK ON MAJOR REGIONAL
FARM SUPPLY PURCHASING COOPERATIVES, 1942 AND 1943

By Joseph G. Knapp
Principal Agricultural Economist

PURPOSE AND SCOPE OF HANDBOOK

This handbook is designed to present concise, comparable information for each of the 17 major regional farm supply purchasing cooperatives in the United States, for their fiscal years ending in 1942 and in 1943 (part I), and to combine and analyze such information as a means of showing the character and significance of these associations as a group (part II).

The associations described in this handbook perform wholesale service for retail cooperative outlets of various types, except for one association that distributes all supplies direct to individual purchasers. In addition to giving wholesale service, seven associations distribute supplies direct to farmers through their own retail outlets, while five also engage in the cooperative marketing of farm products. The individual reports in part I show clearly the main points of similarity and of difference.

Unfortunately, it is not possible to provide here information for a considerable number of regional farm supply purchasing cooperatives which have total net sales of less than 3 million dollars. It is hoped that information for such associations may be included when this handbook is revised to give information for later years. It should also be pointed out that there are many regional cooperative marketing-purchasing associations that perform an extensive cooperative purchasing service. Appendix A presents information on the value of supplies distributed to farmers through three associations of this type which had combined supply sales in excess of 36 million dollars in 1943.

NOTE: - Appreciation is expressed to the associations which have kindly provided the information required for the preparation of this handbook; to Miss Jane Searce, Assistant Agricultural Economist, for her competent assistance; and to Mrs. Jeanne Franklin for her valuable aid, both technical and secretarial.

PART I

INDIVIDUAL REPORTS FOR 17 MAJOR REGIONAL FARM SUPPLY
PURCHASING COOPERATIVES FOR FISCAL YEARS ENDING IN
1942 AND IN 1943

In this section is presented information for each of the 17 associations on such matters as date of organization, area of service, types of local outlets, volume of business, distribution of savings, and financial condition.

Cooperative Grange League Federation Exchange, Inc.

The Cooperative Grange League Federation Exchange, Inc., commonly called "The G.L.F.," was organized on June 28, 1920. From its administrative offices in Ithaca, New York, it serves farmers in New York, New Jersey, and the northern tier of counties in Pennsylvania - the territory known as the "New York Milk Shed."

The G.L.F. has a centralized form of organization, its board of directors being directly responsible to its farmer-members. Membership is determined by ownership of common stock or by the extent of an individual's purchases or sales through the organization. Any farmer-patron who annually purchases or sells \$100 or more of supplies or produce through the organization qualifies as a member. The G.L.F. can also be described as an integrated organization since it performs manufacturing, processing, wholesaling, transportation, and retailing services. At the end of the fiscal year, June 30, 1943, the G.L.F. served over 225,000 patrons, or about one farmer out of every two in its service area.

On June 30, 1943, the G.L.F. was serving its patrons through the following types of retail organization:

<u>Type of retail organization</u>	<u>Number</u>
G.L.F. retail service stores	186
G.L.F. petroleum service stores	43
G.L.F. agent buyers	380
Independent local cooperatives	45
Farmer agents	15
Supplementary agents	30
 Total retail outlets	 699

The G.L.F. retail service stores distribute farm supplies and market farm products for G.L.F. patrons. They have a considerable amount of local autonomy although they are centrally financed and supervised. The G.L.F. Petroleum Service Stores are organized in a similar way except that they are located to perform a specialized petroleum service for patrons over wider areas. The G.L.F. Agent-Buyers are private concerns which have been granted a franchise to handle G.L.F. farm supplies in accordance with G.L.F. instructions. The independent local cooperatives are largely locally controlled farmers' marketing associations which also perform a cooperative purchasing service. The farmer-agents are generally large individual buyers who also serve neighboring patrons.

These various types of retail organization obtain G.L.F. supplies for resale under the same wholesale terms through the manufacturing plants and warehouses which the G.L.F. maintains at Buffalo, Albany, and other strategically located terminal centers.

The wholesale value of supplies sold by the G.L.F. to these retail outlets was as follows for the fiscal years ending June 30, 1942 and 1943:

<u>Commodities</u>	<u>1942</u>	<u>1943</u>
Feed, flour, and cereals	\$41,454,378	\$57,941,936
Fertilizer and lime	4,423,492	4,102,897
Seed and seed potatoes	2,748,750	2,779,281
Petroleum products	4,603,806	5,371,392
Tires, tubes, and accessories	366,939	329,193
Farm equipment, accessories, and tools	1,372,763	1,180,625
Steel products	565,771	262,765
Lumber, paint, roofing, cement, etc.	1,220,179	1,336,287
Insecticides, sprays, shells, bedding, etc.	1,053,747	1,125,413
Rope and twine	356,301	244,311
Molasses and cod-liver oil	294,588	79,893
Package materials ¹	168,961	487,306
Miscellaneous ²	235,068	251,347
Groceries	526,215	357,255

Total wholesale sales before elimination of intercompany sales	\$59,390,958	\$75,849,901
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Total wholesale sales after elimination of estimated intercompany sales	\$59,301,342	\$75,701,400
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The value of supplies sold at retail to farmers through G.L.F. managed retail outlets were as follows for the years ending June 30, 1942 and 1943:

	<u>1942</u>	<u>1943</u>
G.L.F. retail service stores	\$36,389,843	\$45,011,206
G.L.F. petroleum service stores	4,585,893	5,742,451
Total	\$40,975,736	\$50,753,657

During recent years the G.L.F. has greatly expanded its farm product cooperative marketing services. In general, marketing operations for the G.L.F. are performed through the G.L.F. service stores described above with such special facilities as may be required for such operations. In

¹Includes baskets and crates.

²Includes soap, rubber and canvas, agency supplies, etc.

some cases, however, separate facilities such as canning plants are maintained. The value of farm products marketed by the G.L.F. is shown below for the years ending June 30, 1942 and 1943:

<u>Commodities</u>	<u>Value of products marketed</u>	
	<u>1942</u>	<u>1943</u>
Eggs	\$3,941,490	\$6,485,702
Fruits and vegetables (including canned goods)	1,546,485	2,457,544
Grain (including flours and cereals)	1,324,244	1,448,074
Beans	847,750	998,087
Hay and straw	236,955	86,803
Miscellaneous ¹	401,604	542,977
Total marketing sales after elimination of estimated intercompany sales	\$8,198,528	\$12,018,987

The net savings of the G.L.F. for the years ending June 30, 1942 and 1943 were derived as follows:

	<u>1942</u>	<u>1943</u>
Manufacturing and wholesale	\$2,878,050	\$3,707,024
G.L.F. retail service stores	1,167,388	1,388,840
Petroleum distribution operations	146,118	152,165
Marketing sales	120,427	189,465
Total net savings	\$4,311,983	\$5,437,494

These net savings were distributed in the following manner:

	<u>1942</u>	<u>1943</u>
Interest on participation certificates	-	\$25,551
Cash dividends on stock	\$117,365	184,830
Patronage dividends in cash	663,494	312,565
Patronage dividends in capital stock	190	-
Patronage dividends in participation certificates	1,350,935	2,950,475
Additions to reserves	2,179,999	1,964,073
Total	\$4,311,983	\$5,437,494

¹ Includes egg cases, potatoes, bags, and poultry.

The financial condition of the G.L.F. as of June 30, 1942 and 1943 is shown in the following condensed consolidated balance sheet of the Cooperative G.L.F. Exchange, Inc., and its wholesale subsidiaries:

	<u>1942</u>	<u>1943</u>
Assets:		
Current assets	\$12,691,658	\$16,263,193
Fixed assets	3,194,298	2,821,930
Other assets	<u>1,357,530</u>	<u>1,060,603</u>
Total assets	<u>\$17,243,486</u>	<u>\$20,145,748</u>
Liabilities and net worth:		
Current liabilities	\$5,796,724	\$5,307,484
Other liabilities	1,633,333	1,466,667
Net worth	<u>9,813,429</u>	<u>13,371,597</u>
Total liabilities and net worth	<u>\$17,243,486</u>	<u>\$20,145,748</u>

Of the net worth on June 30, 1943, savings retained out of earnings represented 78.97 percent, the remaining 21.03 percent being accumulated through the sale of stock.

The following tabulation provides information on the number and value of facilities owned and operated by the G.L.F. on June 30, 1943:

	<u>Number of plants or units</u>	<u>Cost value</u>	<u>Depreciated value</u>
Feed mills	3	\$4,007,792	\$1,497,061
Fertilizer and insecticide plants	10	814,257	370,323
Seed cleaning plants	5	555,641	109,118
Wholesale farm supply warehouses	7	102,446	80,404
Farm supplies manufacturing plant	1	2,316	1
Retail farm supply branch stores	186	2,632,926	1,216,150
Bulk petroleum plants	43	493,917	288,488
Lumber mill	1	261,416	123,277
Marketing warehouses and processing plants (includes two canning plants)	50	774,798	650,132
Office buildings	1	513,881	127,186
Tractors, trucks, etc. ¹	547	856,851	511,933
Office equipment		444,806	118,027
Miscellaneous		<u>29,934</u>	<u>10,729</u>
Total		<u>\$11,520,981</u>	<u>\$5,102,829</u>

The wide difference between the cost and depreciated value of such facilities, as shown above, reflects the rapid rate at which the G.L.F. has

¹Includes 45 small trailers.

depreciated its facilities as a matter of policy. Cost values would more nearly reflect the cost of replacement.

On June 30, 1943, the G.L.F. had 3,161 employees. Of these, 165 were engaged in general administration activities, 1,225 in manufacturing and processing operations, 1,332 in retail distribution, and 439 in farm product marketing work. These figures do not include retail employees of independent cooperatives and agent-buyers and their employees who may spend the bulk of their time in distributing G.L.F. farm supplies.

Eastern States Farmers' Exchange

The Eastern States Farmers' Exchange, with headquarters at West Springfield, Massachusetts, was organized on January 28, 1918. At the end of its operating year, December 31, 1943, it was serving over 86,000 patrons located in the six New England States, in Pennsylvania (except for the northern tier of counties), in Delaware, and in part of Maryland.

Membership in the Eastern States Farmers' Exchange is determined by use. Every farmer who purchases through the Exchange becomes a member and remains a member for 2 calendar years after the date of last purchase. Only 3 percent of the volume of 1943 business was with nonfarmers, although about 20 percent of the patrons were nonfarmers.

The Eastern States Farmers' Exchange serves its patrons through 60 regional branch warehouses which are strategically located to supplement local car-door distribution through 475 farmer-representatives, and through 25 independent cooperative associations which also serve as representatives.

The Exchange is an integrated organization which performs buying, manufacturing, and distributing functions for the farmer or ultimate consumer. The value of the purchases by patrons for 1942 and 1943 were as follows:

<u>Commodities</u>	<u>1942</u>	<u>1943</u>
Feed and grain	\$31,905,302	\$42,394,689
Field seeds	818,840	886,863
Seed potatoes	485,613	601,901
Vegetable seeds	128,849	168,624
Fertilizer and lime	1,907,088	2,104,787
Spray materials	232,773	266,584
Miscellaneous (roofing, oil, paint, etc.)	493,999	474,284
 Total	 <u>\$35,972,464</u>	 <u>\$46,897,732</u>

The total savings of the Eastern States Farmers' Exchange were \$1,334,337 in 1942 and \$1,910,421 in 1943. These savings were distributed as follows for the 2 years:

	<u>1942</u>	<u>1943</u>
Patronage dividends	\$1,067,470	\$1,279,982
Retained in reserves	266,867	630,439
 Total	 <u>\$1,334,337</u>	 <u>\$1,910,421</u>

The financial statements for the Eastern States Farmers' Exchange as of December 31, 1942 and 1943, were as follows:

	<u>1942</u>	<u>1943</u>
Assets:		
Current assets	\$5,034,257	\$7,905,192
Fixed assets	1,597,192	1,661,242
Other assets	<u>239,941</u>	<u>291,964</u>
Total assets	<u>\$6,871,390</u>	<u>\$9,858,398</u>
Liabilities and net worth:		
Current liabilities	\$3,410,090	\$5,766,659
Fixed indebtedness	-	-
Net worth (patrons' equity)	<u>3,461,300</u>	<u>4,091,739</u>
Total liabilities and net worth	<u>\$6,871,390</u>	<u>\$9,858,398</u>

It is significant that all of the net worth, or patrons' equity, was accumulated through retained savings.

The accumulated capital expenditures of the Exchange for its feed mill, two fertilizer plants, regional warehouses, and other operating facilities, amounted to \$6,518,693 on December 31, 1943. However, only \$1,661,242 was carried on the books as capital investment since the Exchange has followed the policy of rapidly writing off the value of its facilities and equipment.

On December 31, 1943, the Exchange had 981 employees of which 333 were employed in general administration, 486 in manufacturing and processing, and 162 in distribution through its warehouse. These figures include only employees on the pay roll of the organization. They do not include the number of farmer-representatives and employees of cooperatives who distribute supplies for the Exchange on the basis of a local handling charge.

Southern States Cooperative, Inc.

The Southern States Cooperative, Inc., of Richmond, Virginia, was organized on July 21, 1923, under the name, Virginia Seed Service. At the end of its operating year, June 30, 1943, it was serving approximately 154,000 patrons in Virginia, West Virginia, Maryland, and Delaware. More than 99 percent of its patrons are farmers, while 91 percent are members. A farmer-patron becomes a member by acquiring ownership of a share of stock through the application of patronage dividend payments.

On June 30, 1943, the S.S.C. was serving its patrons through the following types of retail organization:

<u>Types of retail outlet</u>	<u>Number</u>
S.S.C. retail service stores	63
S.S.C. petroleum service plants	17
S.S.C. service agencies	720
Independent local cooperative associations	26
Farmer agents (fertilizer only)	609

The S.S.C. retail service stores and petroleum service plants are separately incorporated cooperative associations which are under the management supervision of the S.S.C. The S.S.C. service agencies are private retail supply dealers who have contracted to handle S.S.C. supplies under agreed-upon conditions. The independent local cooperatives are separately incorporated marketing and purchasing associations which use the S.S.C. as a wholesale source of supply. The farmer-agents are individual farmers who pool fertilizer orders and arrange distribution for their neighbors.

In addition to performing a wholesale service for the above groups of retail outlets, the S.S.C. also performs a feed manufacturing service for the Farmers Cooperative Exchange of North Carolina, the Pennsylvania Farm Bureau Cooperative Association, and the Farm Bureau Cooperative Association of Ohio through jointly owned manufacturing facilities. Similarly, manufacturing service for fertilizer is performed for the Farmers Cooperative Exchange of North Carolina and the Pennsylvania Farm Bureau Cooperative Association.

The value of supplies distributed at wholesale through the retail outlets enumerated above, plus the value of supplies manufactured for the account of affiliated regional cooperatives, was as follows for the fiscal years ending June 30, 1942 and 1943:

<u>Commodities</u>	<u>1942</u>	<u>1943</u>
Feed	\$9,427,459	\$17,741,762
Fertilizer	5,206,397	5,416,557
Seed	1,461,389	2,051,667
Petroleum	900,677	750,000
Other supplies	2,704,658	2,561,953
Total	<u>\$19,700,580</u>	<u>\$28,524,939</u>

The value of supplies distributed at retail by S.S.C. managed retail outlets amounted to \$7,819,562 in 1942 and \$9,974,875 in 1943.

The value of S.S.C. marketing sales (eggs) amounted to \$1,197,720 in 1942 and \$2,005,690 in 1943.

The combined value of all commodities sold through the S.S.C. thus amounted to \$28,717,862 in 1942 and \$40,505,504 in 1943.

The total savings from all operations amounted to \$1,372,362 in 1942 and \$1,829,209 in 1943. These savings were distributed in the following way:

	<u>1942</u>	<u>1943</u>
Cash dividends on stock	\$96,665	\$148,808
Patronage dividends (in cash or capital stock)	927,172	967,495
Retained in reserves or unallocated	<u>348,525</u>	<u>712,906</u>

The financial condition of the S.S.C. as of June 30, 1942 and 1943 is shown in the following condensed financial statement:

	<u>1942</u>	<u>1943</u>
Assets:		
Current assets	\$4,088,167	\$5,244,596
Fixed assets	2,392,246	2,254,295
Other assets	<u>319,365</u>	<u>362,296</u>
Total	<u>\$6,799,778</u>	<u>\$7,861,187</u>
Liabilities and net worth:		
Current liabilities	\$825,921	\$1,061,655
Fixed indebtedness	2,500,000	1,760,000
Net worth (capital and reserves)	<u>3,473,857</u>	<u>5,039,532</u>
Total	<u>\$6,799,778</u>	<u>\$7,861,187</u>

Retained savings represented 45 percent of the net worth as of June 30, 1943.

The following tabulation provides information on the type and value of principal S.S.C. operating facilities, as of June 30, 1943:

<u>Type</u>	<u>Number of plants or units</u>	<u>Cost value</u>	<u>Depreciated value</u>
Feed mills	5	\$1,143,097	\$884,050
Fertilizer plants	3	355,717	425,853
Seed cleaning plants and wholesale farm supply warehouses	4	374,889	310,038
S.S.C. retail service stores	63	324,869	253,560

Type	Number of plants or units	Cost value	Depreciated value
Bulk petroleum plants	16	\$284,905	\$218,738
Oil delivery trucks	39	112,136	74,867
Transport trucks	8	37,631	14,457
General delivery trucks	22	30,199	16,981
Total value		\$2,863,443	\$2,198,444

On June 30, 1943, the S.S.C. had 968 employees. Of these 225 were engaged in general administrative activities, 542 in manufacturing and processing operations, and 201 in retail distribution.

(Ohio) Farm Bureau Cooperative Association, Inc.

The Farm Bureau Cooperative Association, Inc., with headquarters at Columbus, Ohio, was organized in its present form on July 31, 1933. At the end of its operating year, December 31, 1943, it was serving 87 member associations, with 165 distribution points, in the State of Ohio. These cooperative outlets served 108,000 patrons, of whom 92 percent were farmers.

The wholesale supply sales of the Farm Bureau Cooperative Association, Inc., were distributed for 1942 and 1943 in the following way:

<u>Commodities</u>	<u>1942</u>	<u>1943</u>
Feed	\$3,612,712	\$5,216,916
Fertilizer	1,749,009	1,959,346
Seed and seed potatoes	463,378	800,908
Gas, oil, and grease	2,675,923	2,376,122
Tires, tubes, and other accessories	37,559	88,730
Farm machinery	282,427	148,663
Farm equipment	56,370	44,164
Steel products	165,536	442,379
Lumber, paint, and other maintenance equipment	229,365	182,066
Insecticides	201,930	220,754
Electrical equipment and appliances	172,883	147,015
Twine	101,470	81,933
Coal	256,796	294,305
Miscellaneous farm supplies	290,685	356,133
Total wholesale supply sales	<u>\$10,296,043</u>	<u>\$12,359,434</u>

The value of farm products marketed through the Farm Bureau Cooperative Association, Inc., amounted to the following:

<u>Commodities</u>	<u>1942</u>	<u>1943</u>
Grain	\$1,724,292	\$5,547,475
Eggs, butter	830,251	1,426,653
Total value of farm products	<u>\$2,554,543</u>	<u>\$6,974,128</u>

The total net savings from all operations amounted to \$359,607 in 1942 and \$494,494 in 1943. The distribution of these savings was as follows:

	<u>1942</u>	<u>1943</u>
Cash dividends on stock	\$16,029	\$31,685
Cash patronage dividends	83,265	53,740
Patronage dividends in capital stock	85,470	288,993
Retained in reserves	174,843	120,076
Total net savings	<u>\$359,607</u>	<u>\$494,494</u>

The financial condition of the Farm Bureau Cooperative Association, Inc., as of December 31, 1942 and 1943, is shown in the following condensed financial statement:

	<u>1942</u>	<u>1943</u>
Assets:		
Current assets	\$1,451,308	\$2,603,852
Fixed assets	594,807	344,947
Other assets	438,480	652,303
Total assets	<u>\$2,484,595</u>	<u>\$4,101,102</u>
Liabilities and net worth:		
Current liabilities	\$707,595	\$1,195,057
Other liabilities	438,320	588,583
Net worth (capital and reserves)	1,338,680	2,317,462
Total liabilities and net worth	<u>\$2,484,595</u>	<u>\$4,101,102</u>

Fifty-four percent of the net worth was accumulated through the sale of stock, while 46 percent was retained out of savings.

The principal operating facilities owned and operated by the Farm Bureau Cooperative Association, Inc., at the close of the 1943 fiscal year are listed below:

Type	Number of plants or units	Cost value	Depreciated value
Feed mills	2	\$178,674	\$143,189
Fertilizer plants ¹	3	176,714	135,856
Wholesale farm supply warehouses	4	16,918	4,238
Refinery	1	292,519	275,636
Transport trucks	1	15,436	4,225
Oil delivery trucks	8	71,138	38,436
Total value		<u>\$751,399</u>	<u>\$601,580</u>

As of December 31, 1943, the Farm Bureau Cooperative Association, Inc., had 213 employees. Of this number, 116 were engaged in general administration, 77 in manufacturing and processing, and 20 in wholesale distribution.

¹The Farm Bureau Cooperative Association also held a part ownership in two other cooperative fertilizer plants which was valued on its books at \$118,593 as of December 31, 1943.

Illinois Farm Supply Company

The Illinois Farm Supply Company, with headquarters in Chicago, was organized in 1927. At the end of its operating year, August 31, 1943, it was providing a wholesale farm supply service for 150 member associations¹ throughout the State of Illinois which, in turn, served about 80,000 patrons, of whom approximately 90 percent were farmers. Member associations must operate under the Capper-Volstead Act and the Agricultural Cooperative Act of Illinois, and be engaged in whole or in part in cooperative distribution of farm supplies.

The wholesale supply sales of the Illinois Farm Supply Company were distributed as follows during the fiscal years ending August 31, 1942 and 1943:

<u>Commodities</u>	<u>1942</u>	<u>1943</u>
Feed	\$2,461,061	\$3,134,313
Fertilizer	57,692	103,249
Petroleum products	9,383,238	9,778,102
Tires, tubes, and accessories	367,079	242,481
Farm equipment	49,312	47,013
Steel products	358,900	220,529
Lumber, paint, other maintenance equipment	707,410	298,497
Insecticides	125,860	74,235
Electrical equipment	27,750	11,143
Twine	39,541	38,517
Miscellaneous ²	<u>1,505,937</u>	<u>1,719,542</u>
Total wholesale sales	<u>\$15,083,780</u>	<u>\$15,667,626</u>

The total net savings from all operations amounted to \$1,055,499 in 1942 and \$1,055,073 in 1943. These savings were distributed for the 2 years in the following way:

	<u>1942</u>	<u>1943</u>
Cash dividends on stock	\$26,701	\$39,687
Patronage dividends in cash and stock	902,818	821,230
Additions to reserves	125,980	118,556
Patronage dividends in stock	-	75,600
Total	<u>\$1,055,499</u>	<u>\$1,055,073</u>

¹65 of the member associations are cooperative petroleum service companies which operate over county-wide areas. The remaining 85 are farmers' cooperative associations of various types.

²Miscellaneous figures in both 1942 and 1943 include the gross freight income of the transportation department.

The financial condition of the Illinois Farm Supply Company as of August 31, 1942 and 1943, was as follows:

	<u>1942</u>	<u>1943</u>
Assets:		
Current assets	\$2,095,772	\$2,499,711
Fixed assets	320,546	261,442
Other assets	56,823	47,649
Total assets	<u>\$2,473,141</u>	<u>\$2,808,802</u>
Liabilities and net worth:		
Current liabilities	\$971,368	\$1,105,495
Other liabilities	134,316	141,499
Net worth (capital and reserves)	<u>1,367,457</u>	<u>1,561,808</u>
Total liabilities and net worth	<u>\$2,473,141</u>	<u>\$2,808,802</u>

On August 31, 1943, 43 percent of the net worth had been accumulated through the sale of stock while 57 percent represented savings retained out of earnings.

Information on the type and value of principal operating facilities owned by the Illinois Farm Supply Company as of August 31, 1943, is here given:

<u>Type</u>	<u>Number of plants or units</u>	<u>Cost value</u>	<u>Depreciated value</u>
Marine terminal bulk petroleum plants		\$162,766	\$63,798
Transport trucks		136,021	60,951
Barges		95,189	40,966
Towboat		100,732	82,405
Total operating facilities		<u>\$494,708</u>	<u>\$248,120</u>

As of August 31, 1943, the Illinois Farm Supply Company had 161 employees, of whom 24 were engaged in general administration and 137 in wholesale distribution.

Farmers Cooperative Exchange, Inc.

The Farmers Cooperative Exchange, Inc. (the F.C.X.), with headquarters at Raleigh, North Carolina, was organized on March 12, 1934. It serves approximately 37,500 patrons in North Carolina and South Carolina, of whom about 100 percent are farmers.

The F.C.X. distributes supplies through 32 F.C.X. retail service stores, which are centrally managed, 33 independent cooperative associations, 223 private dealer agencies, and 400 farmer "order takers" for fertilizer.

The wholesale supply sales of the F.C.X. were distributed as follows for the years ending December 31, 1942 and 1943:

<u>Commodities</u>	<u>1942</u>	<u>1943</u>
Feed	\$2,127,597	\$4,468,459
Fertilizer	854,007	1,103,988
Seed and farm supplies	609,085	1,195,040
Steel products and paint	65,093	124,180
Total wholesale supply sales	\$3,655,782	\$6,891,667

The value of supplies distributed at retail by F.C.X. managed retail outlets amounted to \$2,825,572 in 1942 and \$5,370,082 in 1943.

The value of farm products marketed by the F.C.X. was as follows for 1942 and 1943:

<u>Commodities</u>	<u>1942</u>	<u>1943</u>
Potatoes	\$556,304	\$496,342
Seeds	150,000	214,323
Eggs, poultry, and miscellaneous	409,795	537,179
Total sales of farm products	\$1,116,099	\$1,247,844

The total net savings of the combined operations of the F.C.X. amounted to \$238,232 in 1942 and \$592,238 in 1943. These savings were distributed in the following way:

	<u>1942</u>	<u>1943</u>
Cash dividends on stock	\$12,552	\$22,469
Cash patronage dividends	-	-
Patronage dividends in capital stock	92,246	109,967
Retained in reserves	133,434	459,802
Total net savings	¹ \$238,232	¹ \$592,238

¹Net savings before patronage dividend payments to patrons of retail service stores.

The financial condition of the F.C.X. as of December 31, 1942 and 1943 is shown in the following condensed financial statement:

	<u>1942</u>	<u>1943</u>
Assets:		
Current assets	\$706,167	\$1,500,725
Fixed assets	83,909	97,645
Other assets	<u>139,974</u>	<u>177,768</u>
Total assets	<u>\$930,050</u>	<u>\$1,776,138</u>
Liabilities and net worth:		
Current liabilities	\$460,863	\$729,498
Other liabilities	4,988	-
Net worth (capital and reserves)	<u>464,199</u>	<u>1,046,640</u>
Total liabilities and net worth	<u>\$930,050</u>	<u>\$1,776,138</u>

As of December 31, 1943, 65 percent of the net worth had been retained out of savings. The balance had been accumulated through the sale of stock or from membership fees.

The F.C.X. obtains manufacturing service from the Southern States Cooperative, Inc., through a jointly-owned feed mill at Statesville and a fertilizer plant at Norfolk, Virginia. The F.C.X. investment in these facilities as of December 31, 1943, amounted to \$153,000. The F.C.X. also owns 6 small seed cleaning plants and 34 general delivery trucks.

At the close of the 1943 fiscal year, the F.C.X. had 185 employees, 40 engaged in general administration, 125 in retail distribution, and 20 in wholesale distribution.

Indiana Farm Bureau Cooperative Association, Inc.

The Indiana Farm Bureau Cooperative Association, Inc., with headquarters at Indianapolis, Indiana, was organized in its present form in February 1927. At the end of its operating year, December 31, 1943, it was serving 86 county farm bureau cooperative associations, 2 of which are located in Kentucky and the remainder in Indiana. Together, these associations distribute supplies to approximately 100,000 patrons, 95 percent of whom are farmers.

The wholesale supply sales of the Indiana Farm Bureau Cooperative Association, Inc., were distributed during 1942 and 1943 as follows:

<u>Commodities</u>	<u>1942</u>	<u>1943</u>
Feed	\$2,442,397	\$2,207,538
Fertilizer	1,815,846	2,072,341
Seed	378,688	495,210
Gas, oil, and grease	4,223,767	4,461,153
Tires, tubes, and other accessories	35,288	56,150
Farm machinery	455,203	174,767
Farm equipment	80,671	99,131
Steel products	61,818	819,272
Lumber, paint, and other maintenance equipment	1,030,879	1,053,067
Insecticides	78,632	65,813
Electrical equipment and appliances	125,903	120,064
Twine	66,824	44,623
Coal	456,781	527,941
Chicks, eggs, and poultry	145,768	211,257
Miscellaneous	128,614	244,894
Total wholesale supply sales	<u>\$11,527,079</u>	<u>\$12,653,221</u>

The total net savings on these sales amounted to \$793,428 in 1942 and \$1,323,887 in 1943. The savings were distributed as follows:

	<u>1942</u>	<u>1943</u>
Cash dividends on stock	\$74,376	\$85,147
Patronage dividends in capital stock	496,897	-
Retained in reserves	200,000	308,444
Retained for surplus adjustments	22,155	4,872
Patronage dividends in cash	-	925,424
Total net savings	<u>\$793,428</u>	<u>\$1,323,887</u>

The financial condition of the Indiana Farm Bureau Cooperative Association, Inc., as of December 31, for 1942 and 1943, is shown in the following condensed financial statement:

	<u>1942</u>	<u>1943</u>
Assets:		
Current assets	\$1,951,488	\$3,374,733
Fixed assets	933,157	983,745
Other assets	862,691	1,038,391
Total assets	<u>\$3,747,336</u>	<u>\$5,396,869</u>
Liabilities and net worth:		
Current liabilities	\$353,455	\$1,451,994
Other liabilities	450,000	324,500
Net worth (capital and reserves) ..	<u>2,943,881</u>	<u>3,620,375</u>
Total liabilities and net worth	<u>\$3,747,336</u>	<u>\$5,396,869</u>

On December 31, 1943, 76.2 percent of the net worth represented savings retained out of earnings, while 23.8 percent had been accumulated through the sale of stock.

At the close of 1943, the Indiana Farm Bureau Cooperative Association, Inc., owned and operated the following principal facilities:

Type	Number of plants or units	Cost value	Depreciated value
Fertilizer plants	2	\$418,898	\$345,516
Seed cleaning plants	1	14,610	7,082
Wholesale farm supply warehouses	1	112,386	71,694
Petroleum refinery	1	348,803	233,665
Transport trucks	18	106,436	29,048
General delivery trucks	8	5,150	697
Barge and towboat	1	80,253	73,618
Total value		<u>\$1,086,536</u>	<u>\$761,320</u>

The association had at the close of the 1943 season 324 employees of whom 121 were engaged in general administration activities, 104 in manufacturing and processing, and 99 in wholesale distribution work.

Fruit Growers Supply Company

The Fruit Growers Supply Company of Los Angeles, California, organized in October 1907, is the oldest major farmers' cooperative purchasing association. It serves 166 member citrus packing house associations with 12,000 farmer-members who are located in the citrus districts of southern and central California. Although separately incorporated and managed, it is in fact the supply department for the California Fruit Growers Exchange.

The wholesale supply sales of the Fruit Growers Supply Company were distributed during 1942 and 1943 as follows:

<u>Commodities</u>	<u>1942</u>	<u>1943</u>
Fertilizer	\$1,425,104	\$1,295,093
Miscellaneous orchard supplies	333,613	121,089
Gas, oil, and grease	45,022	45,103
Insecticides	1,216,583	1,311,757
Box shook, tissue paper wraps, and other packing supplies	<u>10,532,524</u>	<u>9,656,877</u>
Total wholesale supply sales	<u>\$13,552,846</u>	<u>\$12,429,918</u>

The total patronage dividends on these sales amounted to \$1,538,301 in 1942 and \$1,283,961 in 1943, all of which were distributed in cash.

The financial condition of the Fruit Growers Supply Company as of December 31, for 1942 and 1943, is shown in the following condensed financial statement:

	<u>1942</u>	<u>1943</u>
Assets:		
Current assets	\$4,656,860	\$4,663,643
Fixed assets	<u>3,284,400</u>	<u>3,223,988</u>
Total assets	<u>\$7,941,260</u>	<u>\$7,889,633</u>
Liabilities and net worth:		
Current liabilities	\$567,013	\$862,402
Net worth (capital and reserves)	<u>7,374,247</u>	<u>7,027,231</u>
Total liabilities and net worth	<u>\$7,941,260</u>	<u>\$7,889,633</u>

At the close of the 1943 season the Fruit Growers Supply Company had \$5.41 in current assets for every dollar of current liabilities, and the net worth amounted to 93 percent of the total assets.

As of December 31, 1943, 56 percent of the net worth had been accumulated through the sale of stock, while 44 percent represented savings retained out of earnings.

The Fruit Growers Supply Company owns and operates two lumber plants which at the close of 1943 had a depreciated value of \$2,878,388.

On December 31, 1943, the Company had 673 employees engaged in manufacturing and processing and 53 engaged in general administration.

Farmers Union Central Exchange, Inc.

Farmers Union Central Exchange, Inc., with headquarters at St. Paul, Minnesota, was organized in 1931. At the end of its fiscal year, December 31, 1943, it had served 305 member associations with 160,000 patrons, 90 percent of whom were farmers, and 20 nonmember associations with 15,000 patrons, 80 percent of whom were farmers. It operates in North Dakota, South Dakota, Montana, Minnesota, and Wisconsin.

The wholesale supply sales of the F.U.C.E. were distributed during 1942 and 1943 as follows:

<u>Commodities</u>	<u>1942</u>	<u>1943</u>
Feed, seed, flour, and fertilizer	\$630,283	\$1,220,111
Gas, oil, and grease	6,425,064	6,930,381
Tires, tubes, and other accessories	506,134	831,729
Farm machinery	559,090	571,464
Steel products	90,271	101,355
Lumber, paint, and other maintenance equipment	227,968	176,690
Insecticides	25,048	18,256
Electrical equipment and appliances	101,158	136,803
Twine	192,714	233,285
Coal	39,699	47,040
Groceries	21,961	107,085
Miscellaneous	130,366	267,631
Total wholesale supply sales	\$8,949,756	\$10,641,830

The total net savings on these sales amounted to \$347,663 in 1942 and \$782,561 in 1943. These savings were distributed in the following manner:

	<u>1942</u>	<u>1943</u>
Cash dividends on stock	\$34,563	\$42,263
Educational fund	17,383	38,672
Patronage dividends in capital stock	200,951	528,603
Retained in reserves	94,766	173,023
Total net savings	\$347,663	\$782,561

The financial condition of the Farmers Union Central Exchange, Inc., as of December 31, for 1942 and 1943 is shown in the following condensed financial statement:

	<u>1942</u>	<u>1943</u>
Assets:		
Current assets	\$1,684,644	\$1,768,733
Fixed assets	289,231	960,109
Other assets	41,424	648,523
Total assets	\$2,015,299	\$3,377,365

	<u>1942</u>	<u>1943</u>
Liabilities and net worth:		
Current liabilities	\$327,097	\$818,541
Net worth (capital and reserves)	<u>1,488,202</u>	<u>2,558,824</u>
Total liabilities and net worth	<u>\$2,015,299</u>	<u>\$3,377,365</u>

As of December 31, 1943, 100 percent of the net worth represented savings retained out of earnings,

The Farmers Union Central Exchange, Inc., owned and operated the following facilities at the close of 1943:

<u>Type</u>	<u>Number of plants or units</u>	<u>Cost value</u>	<u>Depreciated value</u>
Wholesale farm supply warehouses	9	\$75,260	\$48,420
Oil blending plant	1	185,740	148,052
Oil blending equipment		38,450	19,235
Auto and trucks		33,687	21,996
Furniture and fixtures		37,896	13,641
Others		5,091	4,436
Refinery property	1	<u>775,263</u>	<u>704,320</u>
Total value		<u>\$1,151,387</u>	<u>\$960,100</u>

As of December 31, 1943, the Farmers Union Central Exchange, Inc., had 145 employees engaged in wholesale distribution and 129 engaged in general administration.

Consumers Cooperative Association

The Consumers Cooperative Association of North Kansas City, Missouri, was organized in 1929. At the end of its operating year, August 31, 1943, it served 749 member and 251 nonmember associations in Missouri, Kansas, Oklahoma, Nebraska, Iowa, Colorado, North Dakota, South Dakota, Utah, and Wyoming. These associations, in turn, served approximately 150,000 patrons, of whom about 98 percent were farmers.

The wholesale supply sales of the C.C.A. were distributed as follows for the fiscal year ending August 31, 1942, and 1943:

<u>Commodities</u>	<u>1942</u>	<u>1943</u>
Petroleum products	\$7,814,442	\$7,913,321
Tires, tubes, and accessories	343,977	489,807
Paint	115,715	104,676
Twine	255,268	249,174
Spray	17,324	18,810
Machinery	9,809	3,956
Wire and steel	84,262	67,130
Lumber and roofing	145,878	360,502
Groceries	504,455	709,709
Household appliances	121,979	91,060
Miscellaneous ¹	15,778	11,361
Total wholesale sales	\$9,428,887	\$10,019,506

On August 31, 1943, the C.C.A. was serving 4,434 members direct through facilities operated by its retail department. The retail sales of this department increased from \$456,311 in 1942, to \$479,610 in 1943.

The net savings of the C.C.A. were as follows for the fiscal years ending August 31, 1942, and 1943:

	<u>1942</u>	<u>1943</u>
Wholesale	\$191,608	\$196,787
Retail	² -1,508	5,120
Total	\$190,100	\$201,907

¹Service station equipment and farm supplies.

²Plus patronage refund from subsidiaries.

The financial condition of the C.C.A. as of August 31, 1942, and 1943, is shown below:

	<u>1942</u>	<u>1943</u>
Assets:		
Current assets	\$910,225	\$1,039,717
Fixed assets	402,058	554,703
Other assets	440,607	1,084,446
Total assets	<u>\$1,752,890</u>	<u>\$2,678,866</u>
Liabilities and net worth:		
Current liabilities	\$489,729	\$703,383
Other liabilities	224,160	311,440
Net worth (capital and reserves)	1,039,001	1,664,043
Total liabilities and net worth	<u>\$1,752,890</u>	<u>\$2,678,866</u>

Of the net worth as of August 31, 1943, 5.17 percent was accumulated through sale of stock, and 94.83 percent represented savings retained out of earnings.

The C.C.A. employs three subsidiary corporations to perform manufacturing services - the Cooperative Refinery Association, the Cooperative Pipe Line Association, and the Cooperative Oil Producing Association. The common stock of each subsidiary organization is owned by the Consumers Cooperative Association, and its directors are also the directors of the subsidiary corporations. Savings of the subsidiaries after reserves have been created and dividends paid on common and preferred stock accrue to the C.C.A. For that reason the full financial condition of the enterprise controlled by the C.C.A. can only be shown by combining the financial statements of the C.C.A. with those of its three subsidiary corporations. The composite balance sheets of the C.C.A., and of the C.R.A., C.P.L.A., and the C.O.P.A., for the years ending August 31, 1942, and 1943, were as follows:

	<u>1942</u>	<u>1943</u>
Assets:		
Current assets	\$1,659,216	\$1,561,120
Fixed assets	1,752,037	1,860,875
Other assets	199,836	886,661
Total assets	<u>\$3,611,089</u>	<u>\$4,308,656</u>
Liabilities and net worth:		
Current liabilities	\$854,495	\$877,065
Other liabilities	838,051	621,151
Net worth	1,918,543	2,810,440
Total liabilities and net worth	<u>\$3,611,089</u>	<u>\$4,308,656</u>

The combined net sales of the C.C.A., and the C.R.A., C.P.L.A., and the C.O.P.A., for the years ending August 31, 1942, and 1943, were as follows:

<u>Sales</u>	<u>1942</u>	<u>1943</u>
Consumers Cooperative Association	\$9,485,976	\$10,499,115
Cooperative Refinery Association	2,835,556	3,008,606
Cooperative Pipe Line Association	1,116,597	1,709,073
Cooperative Oil Producing Association	45,012	31,340
 Total sales	 \$13,483,141	 \$15,248,134

The following tabulation shows the combined savings of the C.C.A., C.R.A., C.P.L.A., and C.O.P.A., for the years ending August 31, 1942, and 1943:

	<u>1942</u>	<u>1943</u>
Consumers Cooperative Association	\$190,101	\$201,908
Cooperative Refinery Association	433,009	595,939
Cooperative Pipe Line Association	40,763	58,102
Cooperative Oil Producing Association	28,429	10,665
 Total	 \$692,302	 \$866,614

These savings were distributed in the following manner for the 2 years:

	<u>1942</u>	<u>1943</u>
Cash dividends on stock	\$29,047	\$31,938
Patronage refunds in cash	25,018	21,709
Patronage refunds in share capital	45,136	68,340
Additions to reserves	117,801	121,573
Deferred patronage refunds and revolving fund	475,300	623,054
 Totals	 \$692,302	 \$866,614

The Consumers Cooperative Association and its subsidiary corporations had 1,182 employees on August 31, 1943, of whom 150 were employed in general administration, 806¹ in manufacturing and processing, 154 in wholesale distribution, and 72 in retail distribution.

¹300 used in canning operations during seasonal pack only.

The M.F.A. Milling Company

The M.F.A. Milling Company, with headquarters at Springfield, Missouri, was organized in 1923 and reorganized on its present basis in 1929. At the end of its operating year, June 30, 1943, it was serving 106 local M.F.A. farmers cooperative exchanges with 30,000 farmer members. Its service area comprises the southern two-fifths of Missouri.¹

The wholesale supply sales of the M.F.A. Milling Company were distributed as follows during the year ending June 30 for 1942 and 1943:

<u>Commodities</u>	<u>1942</u>	<u>1943</u>
Feed	\$5,173,475	\$9,050,989
Seed	241,341	259,450
Steel products	89,576	80,673
Twine	23,576	30,288
 Total wholesale sales	 \$5,527,968	 \$9,421,400

The total net savings amounted to \$262,483 in 1942 and \$532,712 in 1943.

The financial condition of the M.F.A. Milling Company as of June 30, 1943, was as follows:

	<u>1942</u>	<u>1943</u>
Assets:		
Current assets	\$504,169	\$873,944
Fixed assets	232,678	212,687
Other assets	11,063	15,307
 Total assets	 \$747,910	 \$1,101,938
Liabilities and net worth:		
Current liabilities	\$3,929	\$5,964
Other liabilities	-	8,029
Net worth	743,981	1,087,945
 Total liabilities and net worth	 \$747,910	 \$1,101,938

All of the net worth on June 30, 1943, represented savings which have been retained under a revolving fund plan of financing.

¹The M.F.A. Milling Company is the largest wholesale purchasing association affiliated with the Missouri Farmers Association. Local M.F.A. Cooperative Exchanges in other parts of the State obtain feed, grain, and such supplies on a brokerage basis through the M.F.A. Cooperative Grain and Feed Company at Kansas City, Missouri. Wholesale service on petroleum products and related supplies is provided the M.F.A. local exchanges throughout the State by the M.F.A. Oil Company of Columbia, Missouri. For the year ending November 30, 1943, this association had sales of \$1,583,000, and savings of \$40,010. The wholesale grocery sales of the grocery department of the Producers Produce Company, Springfield, Missouri, for the year ending December 30, 1943, amounted to \$1,098,000 and total savings to \$29,680. This department serves local M.F.A. associations in a radius of about 100 miles from Springfield.

As of June 30, 1943, the operating facilities consisted of the feed mill which had a cost value of \$208,138 which has been depreciated to \$153,040; office building which represented a cost value of \$4,810, depreciated to \$1,396; and 5 general delivery trucks which cost \$14,498 but which have been depreciated to a value of \$1,444.

The M.F.A. as of June 30, 1943, had 225 employees, of which 20 were classified as being in general administration, 3 in sales and service, and 202 in manufacturing and processing.

Midland Cooperative Wholesale

The Midland Cooperative Wholesale, with headquarters at Minneapolis, Minnesota, was organized on September 8, 1926. At the end of its operating year, December 31, 1943, it was serving 220 member associations with 198,000 patrons, 92 percent of whom were farmers, and 191 nonmember associations with 130,000 patrons, 90 percent of whom were farmers. The Association operates throughout all Minnesota except the northeastern quarter, all of Wisconsin except the extreme north and northwest, northern Iowa, and in the extreme eastern part of the Dakotas.

The wholesale supply sales of the Midland Cooperative Wholesale were distributed during 1942 and 1943 in the following way:

<u>Commodities</u>	<u>1942</u>	<u>1943</u>
Feed, flour, and middlings	\$411,689	\$601,888
Fertilizer	157,955	221,322
Seed	128,509	222,611
Gas, oil, and grease	4,784,023	5,913,637
Tires, tubes, and accessories	237,066	401,631
Farm machinery	40,836	2,573
Equipment	32,794	32,070
Steel products	92,528	97,440
Lumber, paint, etc.	125,100	115,205
Insecticides	25,415	21,273
Electrical equipment	173,308	354,145
Twine	54,783	44,242
Coal	67,271	54,207
Groceries	459,055	590,152
Hardware	140,083	153,217
Miscellaneous	19,094	76,416
Other refinery revenues	-	102,925
Total wholesale supply sales	<u>\$6,949,509</u>	<u>\$9,004,954</u>

The total net savings on these sales amounted to \$149,503 in 1942 and \$362,996 in 1943. These savings were distributed in the following manner:

	<u>1942</u>	<u>1943</u>
Cash dividends on stock	\$13,230	\$17,553
Patronage dividends in capital stock	122,646	275,353
Retained in reserves	13,627	72,090
Total net savings	<u>\$149,503</u>	<u>\$362,996</u>

The financial condition of the Midland Cooperative Wholesale as of December 31, for 1942 and 1943, is shown in the following condensed financial statement:

	<u>1942</u>	<u>1943</u>
Assets:		
Current assets	\$874,819	\$1,447,459
Fixed assets	103,545	764,784
Other assets	71,214	474,789
Total assets	<u>\$1,049,578</u>	<u>\$2,687,032</u>
Liabilities and net worth:		
Current liabilities	\$256,516	\$638,088
Other liabilities	32,748	731,684
Net worth (capital and reserves)	<u>760,314</u>	<u>1,297,060</u>
Total liabilities and net worth	<u>\$1,049,578</u>	<u>\$2,687,032</u>

Seventy-seven percent of the net worth represented savings retained out of earnings and 23 percent was accumulated through the sale of stock.

As of December 31, 1943, the Midland Cooperative Wholesale owned and operated the following principal facilities:

Type	Number of plants or units	Cost value	Depreciated value
Refinery (complete)	1	\$681,984	\$632,618
Oil blending plants and bulk petroleum plants	2	35,191	14,447
Office buildings	2	70,856	46,579
Transport trucks and trailers	7	29,904	13,232
Feed mill	1	29,731	29,725
Total operating facilities		<u>\$847,696</u>	<u>\$736,601</u>

At the close of the 1943 operating season the Midland Cooperative Wholesale had 300 employees engaged in general administration and wholesale distribution.

Pennsylvania Farm Bureau Co-operative Association

The Pennsylvania Farm Bureau Co-operative Association, with headquarters at Harrisburg, Pennsylvania, was organized in 1934. At the close of 1943, it was serving 22 member associations with 50,000 patrons, of which 90 percent were farmers. Its service area comprises 53 counties in the State of Pennsylvania.

The wholesale supply sales of the Pennsylvania Farm Bureau Co-operative Association were distributed as follows for the years ending December 31, 1942 and 1943:

<u>Commodities</u>	<u>1942</u>	<u>1943</u>
Feed	\$2,076,369	\$3,768,049
Fertilizer	541,399	747,294
Seed	232,137	536,040
Gas, oil, and grease	1,848,956	1,934,223
Tires, tubes, and other accessories	15,538	26,760
Farm machinery	37,134	-
Farm equipment	23,896	-
Steel products	26,351	45,654
Lumber, paint, and other maintenance equipment	71,458	91,578
Insecticides	87,064	136,515
Electrical equipment and appliances	6,790	1,049
Twine	90,647	111,116
Miscellaneous	55,163	57,824
Total wholesale supply sales	<u>\$5,192,905</u>	<u>\$7,584,151</u>

The net savings on these sales amounted to \$227,715 in 1942 and \$352,633 in 1943. The distribution of the savings was as follows:

	<u>1942</u>	<u>1943</u>
Cash dividends on stock	\$16,205	\$23,460
Patronage dividends in capital stock	144,253	187,064
Retained in reserves	67,257	142,109
Total net savings	<u>\$227,715</u>	<u>\$352,633</u>

The financial condition of the Pennsylvania Farm Bureau Co-operative Association, as of December 31, for 1942 and 1943, is shown in the following condensed financial statement:

	<u>1942</u>	<u>1943</u>
Assets:		
Current assets	\$405,327	\$899,804
Fixed assets	243,323	291,146
Other assets	221,217	329,276
Total assets	<u>\$869,867</u>	<u>\$1,520,226</u>

	<u>1942</u>	<u>1943</u>
Liabilities and net worth		
Current liabilities	\$98,783	\$387,135
Other liabilities	100,125	86,726
Net worth (capital and reserves)	<u>670,959</u>	<u>1,046,365</u>
Total liabilities and net worth	<u>\$869,867</u>	<u>\$1,520,226</u>

As of December 31, 1943, 21 percent of the net worth had been accumulated through the sale of stock, while 79 percent had been retained out of savings.

The principal operating facilities of the Pennsylvania Farm Bureau Co-operative Association consists of the following:

<u>Type</u>	<u>Number of plants or units</u>	<u>Depreciated value</u>
Feed mill	1	\$84,084
Seed cleaning plant	1	93,035
Wholesale farm supply warehouse	1	17,411
Office building	1	35,362
Transport trucks		<u>35,870</u>
Total value of facilities		<u>\$266,362</u>

At the close of 1943 the association had 156 employees. Of these 64 were engaged in general administration, 69 in manufacturing and processing, and 23 in wholesale distribution.

Farm Bureau Services, Inc.

Farm Bureau Services, Inc., with headquarters at Lansing, Michigan, was organized on October 25, 1929, to provide a cooperative wholesale farm supply service for farmers' cooperative associations in Michigan. At the end of its fiscal year, August 31, 1943, this organization provided supply service through 140 member-associations,¹ 50 nonmember associations, and 105 private dealer-outlets to some 80,300 patrons. Farmers represented approximately 90 percent of the patrons of these retail outlets.

Wholesale sales of Farm Bureau Services, Inc., were distributed by commodity as follows for the fiscal years ending August 31, 1942 and 1943:

<u>Commodities</u>	<u>1942</u>	<u>1943</u>
Feed	\$1,792,261	\$1,805,554
Fertilizer	682,147	666,459
Seed	416,214	567,961
Petroleum products	800,331	768,253
Tires, tubes, and accessories; farm machinery and equipment	295,024	182,981
Steel products	260,379	188,005
Lumber, paint, and other maintenance equipment	58,900	54,438
Insecticides	153,931	165,154
Electrical equipment and appliances	85,149	91,617
Binder twine	84,268	84,042
Coal	131,424	138,029
Miscellaneous	-	45,000
 Total wholesale sales	 \$4,760,028	 \$4,757,493

In addition to the wholesale supply sales, the value of supplies distributed direct to consumers through 10 branch retail outlets amounted to \$1,244,298 in 1942 and \$1,423,942 in 1943.

While Farm Bureau Services, Inc., is primarily a cooperative purchasing association, it also marketed farm products as follows during the years ending August 31, 1942 and 1943:

<u>Commodities</u>	<u>1942</u>	<u>1943</u>
Grain	\$195,659	\$162,500
Beans and potatoes	63,605	16,054
Eggs and poultry	62,431	72,941
 Total	 \$321,695	 \$251,496

¹Of these, 14 associations were managed by Farm Bureau Services, Inc., under "Management Contracts."

The total net savings of the organization for the fiscal years 1942 and 1943 were as follows:

	<u>1942</u>	<u>1943</u>
On wholesale supply sales	\$186,011	\$155,757
On retail supply sales	47,403	45,776
On marketing sales	11,851	8,086
 Total	 \$245,265	 \$209,619

These savings were distributed as follows:

	<u>1942</u>	<u>1943</u>
Cash dividends on stock	\$12,492	\$15,981
Patronage dividends in capital stock	232,773	193,638
 Total	 \$245,265	 \$209,619

The financial condition of Farm Bureau Services, Inc., as of August 31, 1942 and 1943, is shown by the following condensed financial statement:

	<u>1942</u>	<u>1943</u>
Assets:		
Current assets	\$794,092	\$782,257
Fixed assets	174,896	245,468
Other assets	136,679	195,937
 Total assets	 \$1,105,667	 \$1,223,662
Liabilities and net worth:		
Current liabilities	\$321,964	\$225,498
Fixed indebtedness	84,473	92,105
Net worth (capital and reserves)	699,230	906,059
 Total liabilities and net worth	 \$1,105,667	 \$1,223,662

The net worth as of August 31, 1943, largely represented retained savings, only 10 percent having been accumulated through sale of stock and membership fees.

Information on the type and value of principal operating facilities owned by the Farm Bureau Services, Inc., as of August 31, 1943, is here given:

<u>Type</u>	<u>Number of plants or units</u>	<u>Cost value</u>	<u>Depreciated value</u>
Wholesale farm supply warehouse	3	\$110,522	\$102,284
Seed cleaning plant	1	13,418	7,572
Retail farm supply branches	10	114,132	75,215
General delivery truck	21	18,154	7,460
Bulk petroleum plants ¹	3	10,086	7,789
Supply stores and elevators ¹	3	46,824	26,077
Office and other equipment	-	14,335	6,084
Transportation department truck and trailer	6	12,419	10,657
Transportation department garage and equipment	1	2,200	2,130
Totals		<u>\$342,090</u>	<u>\$245,468</u>

At the end of the fiscal year, August 31, 1943, Farm Bureau Services, Inc., had 127 employees which can be classified as follows:

(a)	In general administration	24
(b)	In manufacturing and processing (seed)	5
(c)	In wholesale distribution	24
(d)	In retail distribution	74

¹Leased to local associations managed by Farm Bureau Services, Inc.

Central Co-operative Wholesale

The Central Co-operative Wholesale (C.C.W.), with headquarters at Superior, Wisconsin, was organized on September 15, 1917. At the close of its operating year, December 31, 1943, it was serving 137 member and 73 nonmember cooperative associations in northern Michigan, northern Wisconsin, northern Minnesota, and eastern North Dakota. These cooperative outlets served 72,000 patrons, 75 to 80 percent of whom were farmers.

The wholesale supply sales of the C.C.W. were distributed during 1942 and 1943 as follows:

<u>Commodities</u>	<u>1942</u>	<u>1943</u>
Feed	\$1,408,984	\$1,969,825
Seed	40,000	59,668
Gas, oil, and grease	482,286	392,050
Tires, tubes, and other accessories	78,881	108,577
Steel products	27,000	55,915
Lumber, paints, and other maintenance equipment	192,094	191,619
Insecticides	12,681	16,189
Electrical equipment and appliances	76,402	91,206
Twine	16,070	15,040
Coal	77,337	111,176
Groceries	1,520,557	1,434,593
Bakery products	157,407	189,622
Coffee	167,559	87,268
Clothing	439,860	418,474
Miscellaneous hardware	305,094	217,403
 Total wholesale sales	 \$5,002,212	 \$5,358,625

The total net savings on these sales amounted to \$148,800 in 1942 and \$166,903 in 1943. These savings were distributed as follows:

	<u>1942</u>	<u>1943</u>
Cash patronage dividends	\$12,749	\$12,638
Patronage refunds paid in capital stock shares	123,219	137,192
Percent interest on capital stock	12,832	17,073
 Total net savings	 \$148,800	 \$166,903

The financial condition of the C.C.W. on December 31, for 1942 and 1943, is shown in the following statement:

	<u>1942</u>	<u>1943</u>
Assets:		
Current assets	\$603,042	\$621,470
Fixed assets	288,137	243,016
Other assets	47,694	205,681
Total assets	<u>\$938,873</u>	<u>\$1,070,167</u>
Liabilities and net worth:		
Current liabilities	\$237,791	\$254,663
Other liabilities	19,000	-
Net worth (capital and reserves)	682,082	815,304
Total liabilities and net worth	<u>\$938,873</u>	<u>\$1,070,167</u>

98.5 percent of the net worth represented retained savings, while 1.5 percent was accumulated through the sale of stock.

As of December 31, 1943, the principal operating facilities owned and operated by the C.C.W. consisted of the following:

<u>Type</u>	<u>Number of plants or units</u>	<u>Cost value</u>	<u>Depreciated value</u>
Feed mills	2	\$95,405	\$67,895
Coffee roastery	1	13,904	1,549
Transport trucks	3	38,574	14,033
General delivery trucks	4	-	-
Office and warehouse buildings	1	163,267	124,203
Office and printing building	1	28,505	10,340
Bakery plant	1	60,794	24,996
Total		<u>\$400,449</u>	<u>\$243,016</u>

At the close of 1943 the C.C.W. had 141 employees, 9 of whom were engaged in general administration, 55 in manufacturing and processing, and 77 in wholesale distribution.

Pacific Supply Cooperative

The Pacific Supply Cooperative, with headquarters at Walla Walla, Washington, was organized December 19, 1933. At the close of its operating year, December 31, 1943, it was serving 94 member cooperative associations in Oregon, Washington, Idaho, and northwest Wyoming, with 55,000 patrons, 95 percent of whom were farmers. It also served 50 non-member associations with 10,000 patrons, of whom 50 percent were farmers.

The wholesale supply sales of the Pacific Supply Cooperative were distributed during 1942 and 1943 as follows:

<u>Commodities</u>	<u>1942</u>	<u>1943</u>
Fertilizer	\$15,028	\$77,973
Seed	18,438	239,519
Gas, oil, grease, and fuel oil	2,638,122	2,643,363
Tires, tubes, and other accessories	107,124	195,546
Farm machinery and parts	33,662	2,145
Steel products	104,038	97,401
Lumber, paint, and other maintenance equipment	75,000	90,000
Insecticides	58,855	165,227
Electrical equipment and appliances	80,304	14,278
Twine	39,650	70,464
Coal	8,146	3,904
Hardware	117,697	225,588
Transport income	109,723	123,578
Miscellaneous	7,906	41,648
Total wholesale supply sales	<u>\$3,413,693</u>	<u>\$3,990,634</u>

Retail sales amounted to \$10,000 in 1942 and \$5,000 in 1943.

The total net savings amounted to \$319,898 in 1942 and \$353,097 in 1943. The distribution of these savings was made in the following manner:

	<u>1942</u>	<u>1943</u>
Patronage dividends in certificates		
of indebtedness	\$253,991	\$281,278
Retained in reserves	63,572	70,319
Other	<u>2,335</u>	<u>1,500</u>
Total net savings	<u>\$319,898</u>	<u>\$353,097</u>

The financial condition of the Pacific Supply Cooperative as of December 31, for 1942 and 1943, is shown in the following condensed financial statement:

	<u>1942</u>	<u>1943</u>
Assets:		
Current assets	\$569,738	\$1,055,024
Fixed assets	85,398	319,225
Other assets	217,799	77,016
Total assets	<u>\$872,935</u>	<u>\$1,451,265</u>
Liabilities and net worth:		
Current liabilities	\$62,910	\$145,744
Other liabilities	403	585
Net worth (capital and reserves)	809,622	1,304,936
Total liabilities and net worth	<u>\$872,935</u>	<u>\$1,451,265</u>

Practically all of the net worth, as shown on December 31, 1943, represented savings retained out of earnings.

As of December 31, 1943, the Pacific Supply Cooperative owned and operated these principal facilities:

<u>Type</u>	<u>Number of plants or units</u>	<u>Cost value</u>	<u>Depreciated value</u>
Wholesale farm supply warehouses	¹ 6	\$89,303	\$77,969
Transport trucks	4	39,822	4,046
Total value		<u>\$129,125</u>	<u>\$82,015</u>

At the close of 1943, the Pacific Supply Cooperative had 60 employees, 21 of whom were engaged in general administration, and 39 in wholesale distribution.

¹Includes 4 warehouses, seed plant, and fertilizer plant.

Farmers Union State Exchange

The Farmers Union State Exchange, with headquarters at Omaha, Nebraska, was organized in 1914. At the end of its operating year, December 31, 1943, it was serving 343 member associations with 45,000 patrons, of whom 97 percent were farmers. Through 12 private dealers it also reached 1,200 patrons, of whom 90 percent were farmers. The Exchange operates in the State of Nebraska and nearby territory in Wyoming and Iowa.

The wholesale supply sales of the Farmers Union State Exchange were distributed during 1942 and 1943 as follows:

<u>Commodities</u>	<u>1942</u>	<u>1943</u>
Feed	\$98,081	\$115,711
Seed	34,693	28,066
Gas, oil, and grease	1,344,145	1,321,786
Tires, tubes, and other accessories	15,155	26,191
Farm equipment and hardware	204,474	172,246
Steel products	69,432	79,231
Paint	26,462	29,799
Twine	81,331	86,940
Coal	84,217	65,616
Groceries	170,048	153,046
Clothing	53,673	56,546
Produce	203,451	157,159
Stationery	4,683	5,298
Miscellaneous	17,242	39,191
Truck income	90,024	72,892
 Total wholesale supply sales	 \$2,497,111	 \$2,409,698

The Farmers Union State Exchange also had retail sales of \$879,970 in 1942 and \$1,165,592 in 1943.

The total net savings from all operations amounted to \$129,722 in 1942 and \$148,713 in 1943. The distribution of these savings was as follows:

	<u>1942</u>	<u>1943</u>
Cash dividends on stock	\$12,514	\$12,972
Cash patronage dividends	49,476	64,249
Patronage dividends in capital stock	25,059	26,035
Patronage dividends allocated	25,058	26,035
Retained in reserves	17,615	19,422
 Total net savings	 \$129,722	 \$148,713

The financial condition of the Farmers Union State Exchange as of December 31, for 1942 and 1943, is shown in the following condensed financial statement:

	<u>1942</u>	<u>1943</u>
Assets:		
Current assets	\$309,308	\$301,778
Fixed assets	162,023	158,901
Other assets	133,446	272,477
Total assets	<u>\$604,777</u>	<u>\$733,156</u>
Liabilities and net worth:		
Current liabilities	\$21,960	\$29,697
Other liabilities	127,242	150,439
Net worth (capital and reserves)	455,575	553,020
Total liabilities and net worth	<u>\$604,777</u>	<u>\$733,156</u>

As of December 31, 1943, 55 percent of the net worth had been accumulated through the sale of stock, while 45 percent represented savings retained out of earnings.

The facilities owned and operated by the Exchange as of December 31, 1943, consisted of a feed mixing plant, a seed cleaning plant, a whole-sale farm supply warehouse, 10 retail farm supply stores, 3 bulk petroleum plants, an office building, 10 transport trucks, 4 general delivery trucks, and a produce plant.

At the close of 1943, the Exchange had 169 employees, of which 45 were engaged in wholesale distribution and 124 in retail distribution.

PART II

COMBINED INFORMATION FOR 17 MAJOR REGIONAL FARM SUPPLY PURCHASING COOPERATIVES FOR FISCAL YEARS ENDING IN 1942 AND IN 1943

In this section the information presented in Part I for the individual associations is combined and analyzed to show the general character and significance of these 17 major regional farm supply purchasing associations.

Age of Organizations

The 17 regional farm supply purchasing cooperatives described in Part I were organized in the following years:

<u>Year</u>	<u>Number of associations organized during specified year</u>
1907	1
1916	1
1917	1
1918	1
1920	1
1923	2
1926	1
1927	2
1929	2
1931	1
1933	2
1934	2

Only 5 of these associations were in existence by 1920. By 1930 there were 12. The remaining 5 were established early in the 1930's. The average age for the 17 associations is now 18 years.

Area of Service

The statements for the 17 regional associations in Part I show that they render service generally throughout the United States except for a large part of the South and the Southwest. While there are several regional purchasing associations serving in the South and Southwest, none of these had a wholesale supply volume in 1943 in excess of 2 million dollars a year.¹ It should also be clearly understood that a number of other regional purchasing associations also operate in the area served by the 17 regional purchasing associations.

Type of Retail Outlet

The 17 major regional farm supply purchasing cooperatives distributed supplies through some 7,767 retail outlets in 1942 and 6,878 in 1943, which can be classified as follows:

	<u>1942</u>	<u>1943</u>
Local cooperative "member" associations	2,518	2,605
Local cooperative "nonmember" associations	879	893

¹The two largest regional farm supply purchasing associations in this area are the Mississippi Federated Cooperatives of Jackson, Mississippi, and the Consumers Cooperatives Associated of Amarillo, Texas.

	<u>1942</u>	<u>1943</u>
Affiliated cooperative service associations	374	411
Private service agencies	1,345	1,440
Farmer-representatives	2,651	1,529

The local cooperative associations listed above are autonomous organizations. The "member" associations hold membership interests in the regional associations while the "nonmember" associations are simply served by the regional associations. The affiliated cooperative service associations can be described as associations or branch outlets which are under the direct management of regional associations. Private service agencies are simply private concerns which render distribution service for the regional cooperative associations under agreed-upon plans. Similarly, the farmer-representatives are farmers who serve as distribution agents for the regional associations. As noted above, the number of such representatives reported declined from 2,651 for 1942 to 1,529 for 1943. For more complete information on the character of local service outlets the reader is referred to the individual reports given in Part I.

Number of Patrons Served

The 17 regional associations estimated that their various local outlets at the end of their fiscal years ending in 1943 were together serving 1,646,294 farmer patrons and 152,706 nonfarmer patrons, or a total of 1,799,000 patrons.¹ Thus, 91.5 percent of the total patrons were farmers, while 8.5 percent were nonfarmers. On the basis of the information furnished by the regional associations it is estimated that farmer patrons purchased over 95 percent of the volume of supplies distributed through the local outlets of the 17 regional associations.

Number and Type of Employees

According to the data in Part I, the 17 regional associations, at the end of the 1943 fiscal year, employed a total of some 9,353 persons. Of these, 17 percent were engaged in general administration, while 58 percent were engaged in manufacturing, processing, and wholesale distribution. The remaining 25 percent were employed in retail supply distribution or in agricultural marketing work.

Volume of Business

For the 17 regional associations combined, the value of supplies sold at wholesale and retail, plus the value of farm products marketed, amounted to \$366,133,612 for the fiscal years ending in 1943, while the comparable volume for the same periods ending in 1942 was \$288,501,635. The outstanding position in sales volume of the Cooperative Grange League

¹On the basis of other studies made by the Cooperative Research and Service Division, it is believed that this total considerably overstates the number of actual patrons.

Federation Exchange, Inc., is clearly indicated in table 1. Ten of the 17 associations each had volumes of more than 10 million dollars per association. The combined purchasing and marketing sales of these 10 associations for their 1943 fiscal years amounted to \$320,760,627.

Type of Supplies Handled

The relative significance of the various supplies distributed at wholesale¹ by the 17 regional associations for their fiscal years ending in 1943 is shown in tables 2 and 3. It will be noted in Table 3 that feed predominated in the sales volume of 9 of the associations while petroleum products and related supplies predominated in the sales volume of 7 of the associations. It is also significant that packaging material represented the bulk of the sales volume of the Fruit Growers Supply Company which renders a cooperative purchasing service for the citrus growers of Southern California. For the 17 associations combined, feed represented 55.3 percent of the wholesale sales volume, petroleum products and auto accessories 18.5 percent, and fertilizer 7.2 percent.

Table 4 shows the relative significance of the various supplies distributed at wholesale by the 17 regional associations when all sales are combined for their fiscal years ending in 1942 and in 1943. It is of interest that feed volume increased by \$47,249,180, or 45.3 percent, while seed increased by \$3,275,970, or 43.0 percent. Moreover, substantial gains were shown by tires, tubes, and automobile accessories, 32.5 percent, steel products, 30.1 percent, electrical equipment 24.6 percent. On the other hand, farm machinery and equipment volume, due to limited supplies available, declined by 15.2 percent.

¹The volume of the Eastern States Farmers' Exchange is broken down on the basis of purchases by individual patrons since the Exchange integrates all wholesale and retail functions performed incident to final sales.

Table 1.- Volume of sales and value of farm products marketed for 17 major cooperative purchasing associations for fiscal years ending in 1942 and 1943

Association	Year ending	Wholesale supply sales		Retail sales		Farm products marketed			Total
		1942	1943	1942	1943	1942	1943	1943	
Cooperative Grange League	June 30	\$59,390,958	\$75,349,901	\$40,975,733	\$50,753,637	\$8,198,528	\$12,018,967	\$108,585,222	\$135,022,525
Federation Exchange, Inc.	Dec. 31	35,972,464	46,867,732	-	-	-	-	35,972,464	46,867,732
Eastern States Farmers' Exchange ^a	June 30	19,700,580	28,324,939	7,819,562	9,974,875	1,197,720	2,005,690	26,717,862	40,505,504
Southern States Cooperative, Inc.	Dec. 31	10,296,043	12,359,454	-	-	2,554,543	6,974,128	12,850,586	19,333,562
(Ohio) Farm Bureau Cooperative Association, Inc.	Aug. 31	15,083,780	15,667,626	-	-	-	-	15,083,780	15,667,626
Illinois Farm Supply Company	Dec. 31	3,655,782	6,991,667	2,825,572	5,370,082	1,116,099	1,247,844	7,597,453	13,503,593
Farmers Cooperative Exchange, Inc.	Dec. 31	11,527,079	12,653,221	-	-	-	-	11,527,079	12,653,221
Indiana Farm Bureau Cooperative Association, Inc.	Dec. 31	13,562,846	12,429,618	-	-	-	-	13,562,846	12,429,618
Fruit Growers Supply Company	Dec. 31	8,949,753	10,641,830	-	-	-	-	8,949,756	10,641,830
Farmers Union Central Exchange, Inc.	Aug. 31	9,428,687	10,019,506	456,311	479,610	-	-	9,885,198	10,499,116
Consumers Cooperative Association	June 30	5,527,966	9,421,400	-	-	-	-	5,527,968	9,421,400
The M.F.A. Milling Company	Dec. 31	6,949,509	9,004,954	-	-	-	-	6,949,509	9,004,954
Midland Cooperative Wholesale	Dec. 31	5,192,905	7,584,151	-	-	-	-	5,192,905	7,584,151
Pennsylvania Farm Bureau Co-operative Association	Aug. 31	4,760,026	4,757,493	1,244,298	1,423,942	321,695	251,496	6,326,021	6,432,931
Farm Bureau Services, Inc.	Dec. 31	5,002,212	5,358,625	-	-	-	-	5,002,212	5,358,625
Central Co-operative Wholesale	Dec. 31	3,415,683	3,990,634	10,000	5,000	-	-	3,423,683	3,995,634
Pacific Supply Cooperative	Dec. 31	2,497,111	2,409,698	879,970	1,165,592	-	-	3,377,081	3,575,290
Farmers Union State Exchange	Dec. 31	\$230,901,601	\$274,462,729	\$54,211,449	\$69,172,738	\$13,388,585	\$22,498,145	\$266,501,635	\$366,123,612
Total									

^a Includes volume of Eastern States Farmers' Exchange reported as direct sales to individual purchasers. The exchange performs all distributive functions prior to final sale to patrons.

Table 2.- Wholesale supply sales of 17 major cooperative purchasing associations for fiscal year ending in 1943

Association	Feed	Seed	Fertilizer, insecticides	Petroleum products and auto accessories	Farm machin- ery and equipment, lumber, paint, packing material, electrical equipment, steel products	Coal and twine	Groceries	Miscel- laneous	Total
Cooperative Grange League Federation Exchange, Inc.	\$57,841,836	\$2,778,281	\$5,228,310	\$5,700,565	\$3,266,983	\$244,311	\$357,255	\$331,040	^a \$75,649,901
Eastern States Farmers' Exchange ^g ..	42,394,689	1,657,398	2,371,371	-	474,284	-	-	-	46,897,732
Southern States Co- operative, Inc.	17,744,762	2,051,667	5,416,557	750,000	-	-	-	2,561,953	28,524,939
Illinois Farm Supply Company ^h	3,134,318	-	177,484	10,020,563	577,182	38,517	-	1,719,542	15,857,626
Indiana Farm Bureau Cooperative Asso- ciation, Inc.	2,207,538	425,210	2,136,154	4,517,303	2,266,301	572,564	-	456,151	12,553,221
Fruit Growers Supply Company	-	-	2,606,850	45,103	9,856,877	-	-	121,088	12,423,918
(Ohio) Farm Bureau Cooperative Asso- ciation, Inc.	5,216,916	800,908	2,160,100	2,464,852	964,287	376,238	-	356,133	12,359,434
Farmers Union Central Exchange, Inc.	^b 1,220,111	-	18,256	7,762,110	985,312	280,325	107,085	267,631	10,641,830
Consumers Cooperative Association	-	-	18,810	8,403,128	527,324	249,174	709,709	11,361	10,019,506
The M.F.A. Milling Company	9,050,989	259,450	-	-	50,272	30,288	-	-	9,421,400
Midland Cooperative Wholesale	601,888	222,611	242,595	6,418,193	754,650	98,449	580,182	76,416	9,004,954
Pennsylvania Farm Bureau Co-operative Association	3,768,249	556,040	883,809	1,960,983	266,130	111,116	-	57,824	7,584,151
Farmers Cooperative Exchange, Inc.	4,465,459	^c 1,135,040	1,103,988	-	124,180	-	-	-	6,891,667
Central Co-operative Wholesale	1,969,825	59,668	16,189	500,827	553,143	126,216	1,711,433	418,474	5,359,835
Farm Bureau Services, Inc.	1,805,554	567,961	831,613	^d 768,253	^e 334,060	222,071	-	^f 227,981	4,757,493
Pacific Supply Co- operative	-	239,519	243,199	2,838,909	429,413	74,368	-	165,226	3,990,634
Farmers Union State Exchange	115,711	28,066	-	1,347,977	281,256	152,556	153,046	331,088	2,409,698
Total	\$151,640,945	\$10,892,809	\$23,477,285	\$53,458,606	\$21,648,055	\$2,576,193	\$3,628,730	\$7,102,106	\$274,462,729

^a Includes \$148,501 inter-company sales.^b Includes some flour.^c Includes some farm supplies.^d Includes some farm supplies.^e Includes some farm machinery, tires, tubes, and auto accessories.^f Includes some farm machinery, tires, tubes, and auto accessories.^g Includes volume of Eastern States Farmers' Exchange reported as direct sales to individual purchasers. The exchange performs all distributive functions prior to final sale to patrons.

Table 3.- Percentage breakdown by commodity of wholesale supply sales of 17 major cooperative purchasing associations for fiscal year ending in 1943

Association	Feed	Seed	Fertilizer, insecticides	Petroleum products and auto accessories	Farm machinery and equipment, lumber, paint, packaging material, electrical equipment, steel products	Coal and twine	Groceries	Miscel- laneous	Total
Cooperative Grange League	76.4	3.7	6.9	7.5	4.3		.3	.4	100.0
Federation Exchange, Inc.	90.4	3.5	5.1	-	1.0		-	-	100.0
Southern States Farmers' Exchange	62.2	7.2	19.0	2.6	-		-	9.0	100.0
Illinois Farm Supply Company	20.0	-	1.1	64.0	3.7		.2	11.0	100.0
Indiana Farm Bureau Cooperative Association, Inc.	17.5	3.8	16.9	35.7	17.9		4.5	3.8	100.0
Fruit Growers Supply Company	-	-	21.0	.3	77.7		-	1.0	100.0
(Ohio) Farm Bureau Cooperative Association, Inc.	42.2	6.5	17.6	20.0	7.8		3.0	2.9	100.0
Farmers Union Central Exchange, Inc.	11.5	-	.2	72.9	9.3		2.6	2.5	100.0
Consumers Cooperative Association	-	-	.2	83.9	6.2		2.5	.1	100.0
The M.F.A. Milling Company	96.1	2.8	-	-	.8		.3	-	100.0
Midland Cooperative Wholesale	6.7	2.5	2.7	71.3	8.4		1.1	.8	100.0
Pennsylvania Farm Bureau Co-operative Association	49.7	7.1	11.6	25.9	3.5		1.5	.8	100.0
Farmers Cooperative Exchange, Inc.	64.8	^c 17.4	16.0	-	1.8		-	-	100.0
Central Co-operative Wholesale	36.8	1.1	.3	9.3	10.4		2.4	7.8	100.0
Farm Bureau Services, Inc.	38.0	11.9	17.5	^d 18.1	^e 7.0		4.7	4.8	100.0
Pacific Supply Cooperative	-	6.0	6.1	71.1	10.8		1.9	4.1	100.0
Farmers Union State Exchange	4.8	1.2	-	55.9	11.7		6.3	13.7	100.0
Total	55.3	4.0	8.5	19.5	7.9		.9	2.6	100.0

^a Includes a small amount of inter-company sales.

^b Includes some flour.

^c Includes some farm supplies.

^d Tires, tubes, and accessories included in miscellaneous.

^e Farm machinery included in miscellaneous.

^f Includes farm machinery, tires, tubes, and accessories.

^g Includes volume of Eastern States Farmers' Exchange reported as direct sales to individual purchasers. The exchange performs all distributive functions prior to final sale to patrons.

Table 4. - Combined wholesale supply sales of 17 major cooperative purchasing associations for fiscal years, 1942 and 1943

Commodity	1942	1943	Percentage increase or decrease
Feed	\$104,391,765	\$151,640,945	+45.3
Gas, oil, and grease	47,969,802	50,701,811	+5.7
Fertilizer	18,835,164	19,871,305	+5.5
Seed	7,616,839	10,892,809	+43.0
Package material, drums, containers	10,701,485	10,144,183	-5.2
Lumber, paint, and maintenance equipment	4,720,407	4,558,688	-3.4
Groceries	3,527,257	3,628,730	+2.9
Insecticides	3,289,843	3,605,980	+9.6
Farm machinery and equipment	3,778,820	3,202,674	-15.2
Tires, tubes, and auto accessories	2,110,740	2,796,795	+32.5
Steel products	2,060,955	2,682,130	+30.1
Twine	1,362,902	1,333,975	-2.1
Coal	1,161,212	1,242,218	+7.0
Electrical equipment	849,647	1,056,380	+24.6
Miscellaneous ^a	8,524,763	7,102,106	-16.7
Total wholesale supply sales	\$220,901,601	\$274,462,729	+24.2

^aIncludes a small amount of a few of the above itemized commodities that had not been separated from miscellaneous items.

^bIncludes \$39,616 of intercompany sales.

^cIncludes \$148,501 of intercompany sales.

Distribution of Savings

The amount and distribution of combined savings for the 17 associations for their fiscal years ending in 1942 and 1943 are shown in table 5. Total savings increased from \$13,527,010 in 1942 to \$17,702,625 in 1943, or 30.9 percent. These comparisons show that these regional associations as a group retained a large part of the increased savings for their years ending in 1943 either in the form of increased membership capital or reserves, as a means of strengthening their ability to meet war and post-war contingencies.

Financial Condition

The financial conditions of the 17 associations as a group at the close of their fiscal years in 1942 and 1943 are given in table 6.

It is of interest that the combined total assets increased from \$58,448,832 in 1942 to \$75,681,554 in 1943, or by 29.5 percent, while the net worth increased from \$37,586,016 to \$49,309,940, or by 31.2 percent. At the end of their 1943 fiscal years the 17 associations combined had net worth equal to 65.2 percent of their total assets as compared with 64.3 percent for the preceding periods.

Table 5. - Distribution of combined net savings of 17 major cooperative purchasing associations for fiscal years, 1942 and 1943

Item	1942	1943	Percentage increase
Cash patronage dividends	\$3,439,773	\$4,775,499	13.9
Patronage dividends in capital stock and certificates of equity	5,779,429	7,312,457	26.5
Cash dividends on stock	461,739	656,793	42.2
Retained in reserves	3,846,159	4,957,876	28.9
Total	\$13,527,010	\$17,702,625	30.9

Table 6. - Consolidated financial statements for 17 major cooperative purchasing associations, at the close of their fiscal years, 1942 and 1943

Item	1942		1943	
	Dollars	Percent	Dollars	Percent
Assets:				
Current assets	39,331,041	67.3	52,847,835	69.8
Fixed assets	14,381,844	24.6	15,899,293	21.0
Other assets	4,735,947	8.1	6,934,426	9.2
Total assets	58,448,832	100.0	75,681,554	100.0
Liabilities and net worth:				
Current liabilities	15,113,708	25.9	20,689,157	27.3
Other liabilities	5,749,108	9.8	5,682,457	7.5
Net worth (capital and reserves)	37,586,016	64.3	49,309,940	65.2
Total liabilities and net worth	58,448,832	100.0	75,681,554	100.0

The 17 associations combined had \$2.55 in current assets for each \$1 in current liabilities at the end of their 1943 fiscal years as compared with a current ratio of \$2.60 to \$1 for the preceding year.

The improvement in the ratio of net worth to total assets and in the ratio of current assets to current liabilities shows clearly that these associations as a group strengthened their financial position during their fiscal years ending in 1943.

Source of Net Worth

At the close of their fiscal years in 1943 the 17 major regional purchasing cooperatives had a total net worth of \$49,309,940. Of this amount, the associations reported that \$35,631,998, or 72.3 percent, represented amounts which had been retained out of savings, while \$13,475,443, or 27.3 percent represented amounts accumulated through sale of stock.

APPENDIX A

VALUE OF SUPPLIES DISTRIBUTED BY THREE MAJOR REGIONAL MARKETING-PURCHASING COOPERATIVES FOR FISCAL YEARS ENDING IN 1942 AND IN 1943

The three regional marketing-purchasing associations which distribute the largest amounts of farm supplies are the Washington Cooperative Egg and Poultry Association, the Poultry Producers of Central California, and the Utah Poultry Producers Cooperative Association. All of these associations are centralized organizations with distribution being direct to farmers through local branches maintained by each association. Sales are thus expressed in terms of amounts paid by farmers for supplies.

The value of feed and other farm supplies distributed to its members by the Washington Cooperative Egg and Poultry Association of Seattle, Washington, was as follows for the years ending December 31, 1942 and 1943:

<u>Commodities</u>	<u>1942</u>	<u>1943</u>
Feed	\$9,029,648	\$13,195,507
Seeds	99,257	166,317
Fertilizer	70,047	123,574
Petroleum	837,792	963,978
Other farm supplies, such as paints, automotive supplies, steel products, roofing, etc.	242,750	328,847
Total	\$10,279,494	\$14,778,223

Net savings to members on supply operations amounted to \$859,752 in 1942 and \$948,224 in 1943, after paying \$60,876 in 1942 and \$119,847 in 1943 in the form of 6 percent dividends on capital stock for financing such operations.

The Poultry Producers of Central California with headquarters in San Francisco had farm supply sales as follows for the fiscal years ending December 31, 1942 and 1943:

<u>Commodities</u>	<u>1942</u>	<u>1943</u>
Feed	\$9,869,145	\$16,123,353
Supplies	113,509	200,244
Gasoline	150,192	176,602
Total	<u>\$10,132,846</u>	<u>\$16,500,199</u>

The value of farm supplies distributed by the Utah Poultry Producers Cooperative Association, Salt Lake City, Utah, were as follows for the years ending December 31, 1942 and 1943:

<u>Commodities</u>	<u>1942</u>	<u>1943</u>
Feed	\$3,600,000	\$4,792,492
Supplies	133,000	142,215
Gas, oil, accessories	36,000	None
Total	<u>\$3,769,000</u>	<u>\$4,934,707</u>

It will be observed that feed was the principal supply distributed by these three associations. In 1943 feed represented 94 percent of all supply sales. Altogether these three associations increased supply sales from \$24,181,340 in 1942 to \$36,213,129 in 1943, or an increase of 49.8 percent. This increase compares favorably with an increase during the same years of 24.9 percent in total supply sales for the 17 major regional purchasing associations combined. The greater increase is largely due to the preponderance of feed in the volumes of these three associations.

